

BRUCE BENNETT (BB-1152) (*admitted pro hac vice*)
SIDNEY P. LEVINSON (SL-9048) (*admitted pro hac vice*)
JOSHUA M. MESTER (JM-8926) (*admitted pro hac vice*)
HENNIGAN, BENNETT & DORMAN LLP
601 South Figueroa Street, Suite 3300
Los Angeles, California 90017
Telephone: (213) 694-1200
Facsimile: (213) 694-1234

A. BRENT TRUITT (AT-3799)
HENNIGAN, BENNETT & DORMAN LLP
245 Park Avenue, Suite 3962
New York, New York 10167
Telephone: (212) 672-1966
Facsimile: (212) 672-1965

Attorneys for Contrarian Funds LLC, Satellite Senior Income Fund, LLC,
CP Capital Investments, LLC, Wayland Distressed
Opportunities Fund I-B, LLC and Wayland
Distressed Opportunities Fund I-C, LLC

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re)	
)	Chapter 11
WESTPOINT STEVENS INC., <u>et al.</u> ,)	Case No. 03-13532 (RDD)
Debtors.)	(Jointly Administered)
)	
)	

**APPELLANTS' DESIGNATION OF
ITEMS TO BE INCLUDED IN THE RECORD ON APPEAL
AND STATEMENT OF ISSUES ON APPEAL**

Pursuant to Rule 8006 of the Federal Rules of Bankruptcy Procedure, Appellants Contrarian Funds, LLC, Satellite Senior Income Fund, LLC, CP Capital Investments, LLC, Wayland Distressed Opportunities Fund I-B, LLC, and Wayland Distressed Opportunities Fund I-C, LLC (each a First Lien Lender and collectively, the "Steering Committee") hereby designate the following items to be included in the record of its appeal from the "Order Authorizing Sale Of Substantially All Of The Sellers' Assets Free And Clear Of Liens, Claims, Encumbrances And Interests, The Assumption Of Certain Liabilities, Approval Of Successful Bidder And

Certain Related Matters” dated July 8, 2005, entered on the docket as Docket No. 1082, as subsequently amended by the “Errata Order Amending Order Authorizing Sale Of Substantially All Of The Sellers’ Assets Free And Clear Of Liens, Claims, Encumbrances And Interests, The Assumption Of Certain Liabilities, Approval Of Successful Bidder And Certain Related Matters” dated July 11, 2005 entered on the docket as Docket No. 1083, and as further subsequently amended by the “Errata Order Amending Order Authorizing Sale Of Substantially All Of The Sellers’ Assets Free And Clear Of Liens, Claims, Encumbrances And Interests, The Assumption Of Certain Liabilities, Approval Of Successful Bidder And Certain Related Matters” dated July 11, 2005 entered on the docket as Docket No. 1085 (collectively, the “Orders”).

Filing Date	Docket No.	Document
06/18/2003	93	Final Order Providing Pre-Petition Secured Lenders Adequate Protection
07/22/2004	606	Motion Of First Lien Lenders Pursuant To 11 U.S.C. Sections 361, 362(d), 363(e), And 364(d), (A) To Grant Additional Adequate Protection To First Lien Lenders And (B) To Terminate Adequate Protection Payments To Second Lien Lenders
08/23/2004	652	Ordered Approving Stipulation (I) providing for deposit into escrow of second lien adequate protection payments; (II) withdrawal of adequate protection motion; and (III) reservation of right and remedies
03/09/2005	830	Motion for (i) Order Approving Bidding Procedures, Forms of Notice, and Break-Up Fee and Bidding Protections for Stalking Horse Bid and (ii) Order Authorizing the Debtors to Sell Substantially All Their Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests

Filing Date	Docket No.	Document
03/25/2005	854	Joinder to Second Lien Agent's Memorandum Objecting to Debtors' Motion for Order Approving Bidding Procedures and Authorizing the Debtor to Sell Substantially All Their Assets Free and Clear of All Liens, and in the Alternative, Requesting Discovery and an Evidentiary Hearing on the Motion
03/25/2005	858	Statement of Bank of America, N.A., in Respect of Debtors' Motion for Order Approving Bidding Procedures and Authorizing Debtors to Sell Substantially All of Their Assets Free and Clear
03/25/2005	864	2nd Lien Agent's Objection to Debtors' Motion for Order Approving Bidding Procedures and Authorizing the Debtors to Sell Substantially All Their Assets Free and Clear of Liens or in the Alternative, 2nd Lien Agent's Motion for Order Adjourning Hearing on Debtors' Motion, Setting Evidentiary Hearing and Compelling the Debtors, Rothschild, Inc. and WL Ross & Co. LLC to Submit to Discovery
03/25/2005	865	Objection of Aretex LLC to the Debtors' Motion for Order Approving Bidding Procedures
03/25/2005	866	Response Of Steering Committee Of First Lien Lenders To Motion For (I) Order Approving Bidding Procedures, Forms Of Notice, And Break-Up Fee And Bidding Protections For Stalking Horse Bid And (Ii) Order Authorizing The Debtors To Sell Substantially All Their Assets Free And Clear Of All Liens, Claims, Encumbrances And Other Interests
03/28/2005	869	Objection to Motion Objection of the Official Committee of Unsecured Creditors to the Debtors' Motion for (I) an Order Approving Bidding Procedures, Forms of Notice, and Break-Up Fee and Bidding Protections for Stalking Horse Bid and (II) an Order Authorizing the Debtors to Sell Substantially All Their Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests
03/28/2005	871	Affidavit of Service of Kevin Floyd

Filing Date	Docket No.	Document
04/04/2005	884	Notice of Hearing /Agenda of Matters Scheduled for Hearing on April 7, 2005
04/05/2005	885	Reply of New Textile Co., WL Ross & Co., LLC, CP Capital Investments, L.L.C., Contrarian Capital Management, Inc. and Satellite Senior Income, L.L.C. to Objections of Wilmington Trust Company and Aretex LLC to Debtors' Bidding Procedures Motion
04/05/2005	886	Reply to Objections to Debtors' Motion for Order Approving Bidding Procedures and Authorizing the Debtors to Sell Substantially All Their Assets Free and Clear of All Liens, Claims, Encumbrances, and Other Interests
04/06/2005	887	Affidavit of Service by Denise Sciabarassi
04/06/2005	890	2nd Lien Agents Reply to (I) the Debtors', and (II) New Textile Co., WL Ross & Co., LLC, CP Capital Investments, L.L.C., Contrarian Capital Management, Inc. and Satellite Senior Income, L.L.C.'s Responses to Objections to Debtors' Motion for Order Approving Bidding Procedures and Authorizing the Debtors to Sell Substantially All Their Assets Free and Clear of Liens or in the Alternative, 2nd Lien Agent's Motion for Order Adjourning Hearing on Debtors Motion, Setting Evidentiary Hearing And Compelling the Debtors, Rothschild, Inc. and WL Ross & Co. to Submit to Discovery
04/06/2005	892	Notice of Filing of Amended Exhibit B to Motion for (i) Order Approving Bidding Procedures, Forms of Notice, and Break-Up Fee and Bidding Protections for Stalking Horse Bid and (ii) Order Authorizing the Debtors to Sell Substantially All Their Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests

Filing Date	Docket No.	Document
04/06/2005	893	Preliminary Response of Aretex, LLC to Replies of (I) New Textile Co., WL Ross & Co. and the Steering Committee and (II) Debtors
04/07/2005	894	Order Denying Motion to Approve bidding procedures and related relief
04/14/2005	899	Notice of Conventional Filing of Transcript of Hearing Held on April 7, 2005 (and transcript referenced therein)
04/15/2005	900	Ex Parte Motion of Debtors for Order Shortening Time Pursuant to Fed. R. Bankr. P. 2002(a) and 9006(c) with Respect to Hearing on Debtors' Motion for Order Approving Bidding Procedures and Forms of Notice in Connection with the Sale of Substantially all the Debtors' Assets Free and Clear of all Liens, Encumbrances, and Other Interests
04/15/2005	904	Motion to Approve Bidding Procedures and Forms of Notice in Connection with the Sale of Substantially all the Debtors' Assets Free and Clear of all Liens, Claims, Encumbrances and Other Interests
04/21/2005	918	Objection of Steering Committee to Debtors' Motion to Approve Bidding Procedures and Form of Notice in Connection with the Sale of Substantially All of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests
04/21/2005	919	Objection of Aretex LLC To The Debtors' Motion For Order Approving Bidding Procedures and Forms of Notice In Connection With The Sale of Substantially All of The Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances and other Interests
04/21/2005	920	Notice of Filing of Amended Proposed Order Approving Bidding Procedures and Forms of Notice in Connection with the Sale of Substantially All the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests

Filing Date	Docket No.	Document
04/21/2005	921	Affidavit of Service of Kevin Floyd
04/22/2005	923	Order Approving Bidding Procedures And Forms Of Notice In Connection With The Sale Of Substantially All The Debtors' Assets Free And Clear Of All Liens, Claims, Encumbrances And Other Interests
05/03/2005	934	Notice of Sale /Notice of Auction and Purchaser Selection Hearing to Sell Substantially All of Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances, and Other Interests
05/03/2005	935	Affidavit of Service
05/10/2005	940	2nd Lien Agent's Motion for Order Dissolving Adequate Protection Escrow, Releasing Escrowed Adequate Protection Payments, and Reinstating Direct Payment to the 2nd Lien Agent
05/13/2005	946	Letter Setting Forth Briefing Schedule in Advance of June 24, 2005 Purchaser Selection Hearing
05/13/2005	954	Notice of Conventional Filing of Transcript of Hearing Held on April 22, 2005 (and transcript referenced therein)
05/16/2005	947	Joinder to the Second Lien Agent's Motion For Order Dissolving Adequate Protection Escrow, Releasing Escrowed Adequate Protection Payments and Reinstating Direct Payment to the Second Lien Agent
06/01/2005	960	Brief of 2nd Lien Agent Regarding Certain Issues Before the Court in Connection with the Sale of the Debtors' Assets
06/01/2005	961	Steering Committee's Brief in Connection with June 24, 2005 Hearing

Filing Date	Docket No.	Document
06/01/2005	962	Declaration of Sidney P. Levinson in Support of Steering Committee's Brief in Connection with June 24, 2005 Hearing
06/01/2005	963	Omnibus Memorandum of Law of Aretex LLC on Issues Relating to The Auction of the Debtors' Assets
06/02/2005	964	Affidavit of Service of Kevin Floyd
06/06/2005	967	Objection of Bank of America, N.A., As Agent to 2nd Lien Agent's Motion For Order Releasing Escrowed Adequate Protection Payments
06/07/2005	969	2nd Lien Agent's Reply Brief to the 1st Lien Lenders' Steering Committee Brief Regarding the Sale of the Debtors' Assets
06/07/2005	970	Steering Committee's Reply Brief in Connection with June 24, 2005 Hearing
06/07/2005	971	Affidavit of Service of Kevin Floyd
06/07/2005	972	Reply of Aretex LLC to Steering Committee's Brief in Connection with June 24, 2005 Hearing
06/09/2005	983	Objection Of Beal Bank, S.S.B., As Successor First Lien Agent To 2nd Lien Agent's Motion For Order Releasing Escrowed Adequate Protection Payments
06/10/2005	985	Motion to Join the Second Lien Agent's Motion for Order Dissolving Adequate Protection Escrow, Releasing Escrowed Adequate Protection Payments, and Reinstating Direct Payment to the Second Lien Agent

Filing Date	Docket No.	Document
06/10/2005	986	Steering Committee's Objection to 2nd Lien Agent's Motion for Order Releasing Escrowed Adequate Protection Payments
06/10/2005	990	Amended Chapter 11 Plan /Debtors' Amended Joint Plan Under Chapter 11 of the Bankruptcy Code
06/10/2005	991	Amended Disclosure Statement for Debtors' Amended Joint Plan
06/13/2005	994	Affidavit of Service of Kevin Floyd
06/22/2005	1025	Notice of Adjournment of Hearing on 2nd Lien Agent's Motion for Order Dissolving Adequate Protection Escrow, Releasing Escrowed Adequate Protection Payments, and Reinstating Direct Payment to the 2nd Lien Agent
06/23/2005	1027	Steering Committee's Motion to Continue Purchaser Selection Hearing
06/23/2005	1028	Declaration of Joshua M. Mester in Support of Steering Committee's Motion to Continue Purchaser Selection Hearing
06/23/2005	1029	Ex Parte Motion of the Steering Committee for Order Shortening Time Pursuant to Fed. R. Bankr. P. 9006(c) with Respect to Hearing on Steering Committee's Motion to Continue Purchaser Selection Hearing
06/23/2005	1030	Declaration of Joshua M. Mester in Support of Ex Parte Motion of the Steering Committee for Order Shortening Time Pursuant to Fed. R. Bankr. P. 9006(c) with Respect to Hearing on Steering Committee's Motion to Continue Purchaser Selection Hearing
06/23/2005	1031	Affidavit of Service

Filing Date	Docket No.	Document
06/23/2005	1035	Notice of Successful Bidder at June 23, 2005 Auction with Respect to Sale of Substantially All of the Debtors' Assets
06/28/2005	1048	Agenda of Matters Scheduled for Hearing on June 29, 2005
06/29/2005	1050	Asset Purchase Agreement by and among WS Textile Co., Inc., New Textile One, Inc., New Textile Two, Inc., Textile Co., Inc., Westpoint Stevens Inc., Westpoint Stevens Inc. I, Westpoint Stevens Stores Inc., and J.P. Stevens Enterprises, Inc. dated as of June 23, 2005
06/30/2005	1069	Notice of Conventional Filing of Transcript of Hearing Held on June 24, 2005 (and transcript referenced therein)
07/01/2005	1064	Notice of Settlement of Proposed Order Authorizing Sale of Substantially All of the Sellers' Assets Free and Clear of Liens, Claims, Encumbrances and Interests, the Assumption of Certain Liabilities, Approval of Successful Bidder and Certain Related Matters
07/06/2005	1073	Objection to Proposed Form of Order Authorizing Sale of Substantially All of the Seller's Assets Free and Clear of Liens, Claims, Encumbrances and Interests, the Assumption of Certain Liabilities, Approval of Successful Bidder and Certain Related Matters
07/07/2005	1074	Steering Committee's Objection And Statement Of Specific Grounds For Revisions To Proposed Order Filed On July 1, 2005 In Connection With Purchaser Selection Hearing
07/08/2005	1082	Order Authorizing Sale Of Substantially All Of The Sellers' Assets Free And Clear Of Liens, Claims, Encumbrances And Interests, The Assumption Of Certain Liabilities, Approval Of Successful Bidder And Certain Related Matters

Filing Date	Docket No.	Document
07/11/2005	1083	Errata Order Amending Order Authorizing Sale Of Substantially All Of The Sellers' Assets Free And Clear Of Liens, Claims, Encumbrances And Interests, The Assumption Of Certain Liabilities, Approval Of Successful Bidder And Certain Related Matters
07/11/2005	1085	Errata Order Amending Order Authorizing Sale Of Substantially All Of The Sellers' Assets Free And Clear Of Liens, Claims, Encumbrances And Interests, The Assumption Of Certain Liabilities, Approval Of Successful Bidder And Certain Related Matters
06/24/2005 – 06/29/2005		Debtors' Exhibits D1 – D5
06/24/2005 – 06/29/2005		Steering Committee's Exhibits SC1 – SC11
06/24/2005 – 06/29/2005		Aretex's Exhibits Aretex 1 – Aretex 5
06/24/2005 – 06/29/2005		2nd Lien Agent's Exhibits 2nd Lien 1 – 2nd Lien 3
		Transcript from hearing held 6/27/2005
		Transcript from hearing held 6/28/2005
		Transcript from hearing held 6/29/2005

STATEMENT OF ISSUES ON APPEAL¹

Appellants hereby submit the following statement of issues on appeal, all of which are subject to *de novo* review by the District Court:

1. Whether the Bankruptcy Court erred, as a matter of law, in concluding that the transfer to the First Lien Lenders of only a portion of the collateral securing the First Lien Indebtedness constitutes full satisfaction and/or adequate protection of the First Lien Indebtedness.

2. Whether the Bankruptcy Court erred, as a matter of law, in concluding that, contrary to the explicit and unambiguous terms of the Intercreditor Agreement, the Second Lien Lenders can nonetheless receive any payment or transfer of collateral even though the First Lien Lenders are not receiving payment in full in cash.

3. Whether the Bankruptcy Court erred, as a matter of law, in concluding that the Debtors can, pursuant to sections 363(f)(3) or 363(f)(5) of the Bankruptcy Code, sell the Purchased Assets free and clear of Interests of the First Lien Collateral Trustee and/or the First Lien Lenders.

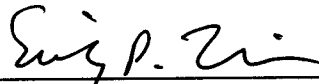
4. Whether the Bankruptcy Court erred, as a matter of law, in concluding that the Successful Bid was authorized, and higher and better than the competing credit bids directed by the Steering Committee, even though the Successful Bid did not provide for payment in full and in cash of the First Lien Lenders.

5. Whether the Bankruptcy Court erred, as a matter of law, in concluding that the Debtors are authorized to transfer the collateral directly to First Lien Lenders, rather than to the First Lien Collateral Trustee in its capacity as the lienholder under the First Lien Collateral Trust Agreement.

¹ All capitalized terms have the meanings set forth in the Orders.

Dated: Los Angeles, California
July 11, 2005

HENNIGAN, BENNETT & DORMAN LLP

By: 

BRUCE BENNETT
SIDNEY P. LEVINSON
JOSHUA M. MESTER
601 S. Figueroa Street, Suite 3300
Telephone: (213) 694-1200
Facsimile: (213) 694-1234

A. BRENT TRUITT
245 Park Avenue, Suite 3962
New York, New York 10167
Telephone: (212) 672-1966
Facsimile: (212) 672-1965

Attorneys for Contrarian Funds LLC,
Satellite Senior Income Fund, LLC,
CP Capital Investments, LLC, Wayland
Distressed Opportunities Fund I-B, LLC and
Wayland Distressed Opportunities Fund I-C, LLC